

EXECUTIVE SECRETARIAT
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
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15	D/OEA				
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19	C/IPD/OIS				
20	NIO/ELON		✓		
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Remarks:

Copied to:

OGI
OALA - Cuba

[Signature]
Executive Secretary
10/4/83
Date

STAT

CABINET AFFAIRS STAFFING MEMORANDUM

83-4809

Date: 9/29/83 Number: ----- Due By: -----

Subject: Cabinet Council on Food and Agriculture Minutes

	Action	FYI		Action	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>			
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>			
USTR	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input checked="" type="checkbox"/>
UA	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Attached for your information are the minutes of the September 14, 1983 CCFA meeting.

RETURN TO:

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|---|--|--|
| <input type="checkbox"/> Craig L. Fuller
Assistant to the President
for Cabinet Affairs | <input type="checkbox"/> Katherine Anderson
<input type="checkbox"/> Tom Gibson | <input type="checkbox"/> Don Clarey
<input checked="" type="checkbox"/> Larry Herbolsheimer |
|---|--|--|

Associate Director
Office of Cabinet Affairs



THE WHITE HOUSE
WASHINGTON

CABINET COUNCIL ON FOOD AND AGRICULTURE

September 14, 1983, 4:00 P.M.

MINUTES

Participants: Block, Feldstein, Svahn, McNamar, Lighthizer, Boggs, Herbolsheimer, Lett, Tracy, Truran, Vipond, Risque, Gall, Khedouri, Leonard, Thompson, McMinn, Wallis, Cornell, Kingham, Carleson.

CM177. The Cabinet Council on Food and Agriculture met to consider three issues pertaining to sugar:

- o What should be the size of the 1984 global sugar import quota?
- o How should the increase, if any, in the 1984 global sugar import quota be allocated among supplying countries?
- o Should the current duty on imported sugar be reduced to the statutory minimum of 0.625 cent per pound?

Messrs. Tracy and Truran explained how USDA arrived at its recommended 1984 global sugar import quota of 2.95 million short tons, 150,000 tons larger than the 1983 quota. They indicated that the trade was expecting the 1984 quota to be equal to or a little less than the 1983 quota and that news of a 2.95 million ton quota therefore would have a bearish effect on prices.

Mr. McNamar voiced concern that a 2.95 million ton quota was too low and thus would be overly protective of the domestic sugar price support program. Mr. Feldstein echoed a similar concern.

After further discussion, the members of the Cabinet Council decided to accept USDA's recommended level of 2.95 million tons with the understanding that there would be an opportunity to review the operation of the quota program on a quarterly basis.

With respect to the allocation of the quota, Mr. McMinn recommended that the 150,000 ton increase in the 1984 global sugar import quota be allocated as follows: 50,000 tons would be allocated on a preferential basis to Panama, Guatemala, and Belize; the remaining 100,000 tons would be allocated in a nondiscriminatory fashion to the remaining supplying countries, excluding Nicaragua. Mr. McMinn stated that this allocation

scheme would provide Panama, Guatemala, and Belize with much-needed foreign exchange and domestic economic benefits while maintaining a large nondiscriminatory element which would benefit other supplying countries, except Nicaragua.

Mr. Lighthizer recommended a nondiscriminatory allocation of the full quota increase. He claimed that any preferential allocation scheme violates U.S. GATT obligations, subjects the U.S. to successful challenges by a host of GATT members, e.g. Australia and the Philippines, undercuts the Administration's advocacy of trade liberalization, and offends our traditional allies in support of free trade. Mr. Lighthizer asserted that a preferential allocation would exacerbate the credit problems experienced by countries like Brazil and would upset the Philippines and Thailand, countries that the President will be visiting in the near future.

NSC and State supported a preferential allocation of the quota increase. OMB deferred to State. CEA abstained.

USTR, Agriculture, Treasury, and Commerce favored nonpreferential allocation of the full quota increase.

Regarding the duty issue, Mr. McMinn advocated reducing the sugar import duty from the current level of 2.8125 cents per pound to the bound minimum rate of 0.625 cent per pound. He pointed out that with the enactment of the Administration's Caribbean Basin Initiative (CBI), 68 percent of U.S. sugar imports in FY 1984 would enter duty-free under the Generalized System of Preferences (GSP) program. Mr. McMinn stated that reducing the duty would take into account the concerns of the remaining non-GSP sugar exporters (Brazil, Thailand, Australia, South Africa) and would constitute a beneficial gesture in advance of the President's trip to Thailand and the Philippines. Mr. McMinn claimed that the duty reduction would be a trade liberalizing feature that would mitigate to some degree the negative impact of a preferential allocation of the quota increase. Mr. Feldstein expressed his belief that the duty reduction would provide some relief to debt-ridden countries like Brazil. Finally, Mr. McMinn pointed out that the current duty is unnecessary to defend the domestic sugar price support program as long as an effective quota system is in place.

Mssrs. Block, Lighthizer, and Khedouri opposed reducing the duty emphasizing that such action amounted to back door foreign aid for the countries that are currently paying the higher duty. They pointed out that the duty reduction would result in a revenue loss of as much as \$50 million, something that cannot be treated lightly during a period of record budget deficits. They also asserted that the duty reduction would lessen the effect of the special treatment accorded to targeted countries under the CBI and GSP and would send the signal that the U.S. was not

committed to moving to a border protection mechanism of import fees and duties to defend the domestic sugar price support program.

NSC, State, and CEA supported a reduction in the sugar import duty to 0.625 cent per pound.

USTR, Agriculture, Treasury, Commerce, and OMB opposed a reduction in the sugar import duty.

The Executive Secretary of the Cabinet Council on Food and Agriculture was asked to prepare a decision memorandum on the quota allocation and duty issues for the President.